

Senate File 449 - Introduced

SENATE FILE 449

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 412)

(SUCCESSOR TO SSB 1024)

A BILL FOR

1 An Act providing for a small employer health insurance tax
2 credit against the individual and corporate income tax,
3 the franchise tax, the insurance premium tax, the county
4 and state mutual insurance associations premium taxes,
5 and the moneys and credits tax, and including retroactive
6 applicability provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11E Small employer health
2 insurance tax credit.

3 1. The taxes imposed under this division, less the credits
4 allowed under section 422.12, shall be reduced by a small
5 employer health insurance tax credit equal to twenty-five
6 percent of the federal small employer health insurance tax
7 credit provided in section 45R of the Internal Revenue Code to
8 a taxpayer whose commercial domicile, as defined in section
9 422.32, is in this state.

10 2. An individual may claim the tax credit allowed to a
11 partnership, limited liability company, S corporation, estate,
12 or trust that elects to have the income taxed directly to the
13 individual. The amount claimed by the individual shall be
14 based upon the pro rata share of the individual's earnings of
15 the partnership, limited liability company, S corporation,
16 estate, or trust.

17 3. Any credit in excess of the tax liability is refundable.
18 In lieu of claiming a refund, the taxpayer may elect to have
19 the excess shown on the taxpayer's final, completed return
20 credited to the tax liability for the following tax year.

21 4. The credit shall be claimed in the manner and on the
22 forms prescribed by the director of revenue.

23 Sec. 2. Section 422.33, Code 2013, is amended by adding the
24 following new subsection:

25 NEW SUBSECTION. 15. The taxes imposed under this division
26 shall be reduced by a small employer health insurance tax
27 credit authorized pursuant to section 422.11E.

28 Sec. 3. Section 422.60, Code 2013, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 12. The taxes imposed under this division
31 shall be reduced by a small employer health insurance tax
32 credit authorized pursuant to section 422.11E.

33 Sec. 4. NEW SECTION. 432.12N Small employer health
34 insurance tax credit.

35 The taxes imposed under this chapter shall be reduced by a

1 small employer health insurance tax credit authorized pursuant
2 to section 422.11E.

3 Sec. 5. Section 518.18, Code 2013, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 4. The taxes imposed under this section
6 shall be reduced by a small employer health insurance tax
7 credit authorized pursuant to section 422.11E.

8 Sec. 6. Section 518A.35, Code 2013, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 4. The taxes imposed under this section
11 shall be reduced by a small employer health insurance tax
12 credit authorized pursuant to section 422.11E.

13 Sec. 7. Section 533.329, subsection 2, Code 2013, is amended
14 by adding the following new paragraph:

15 NEW PARAGRAPH. k. The moneys and credits tax imposed
16 under this section shall be reduced by a small employer health
17 insurance tax credit authorized pursuant to section 422.11E.

18 Sec. 8. RETROACTIVE APPLICABILITY. This Act applies
19 retroactively to January 1, 2013, for tax years beginning on
20 or after that date.

21 EXPLANATION

22 The federal Patient Protection and Affordable Care Act (Pub.
23 L. No. 111-148) provided for a small employer health insurance
24 income tax credit (section 45R of the Internal Revenue Code)
25 equal to a certain percentage of the cost of health insurance
26 premiums made by an eligible small employer on behalf of its
27 employees. This bill provides for an Iowa tax credit against
28 the individual and corporate income tax, the franchise tax, the
29 insurance premiums tax, the county and state mutual insurance
30 associations premium taxes, and the moneys and credits tax,
31 in an amount equal to 25 percent of the federal credit for a
32 taxpayer whose commercial domicile is in this state.

33 An individual may claim the tax credit allowed a
34 partnership, limited liability company, S corporation, estate,
35 or trust electing to have the income taxed directly to the

S.F. 449

1 individual, based upon the pro rata share of the individual's
2 earnings. The tax credit is refundable or may be carried
3 forward to the next tax year. The credit shall be claimed
4 in the manner and on the forms prescribed by the director of
5 revenue.

6 The bill applies retroactively to January 1, 2013, for tax
7 years beginning on or after that date.